

Message Text

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ACTION EB-08

INFO OCT-01 EA-07 ISO-00 AGRE-00 L-03 CIAE-00 COME-00
DODE-00 DOTE-00 FMC-01 INR-07 NSAE-00 CG-00
DLOS-09 OES-06 /042 W
-----151209Z 086989 /10
R 150716Z APR 77
FM AMEMBASSY MANILA
TO SECSTATE WASHDC 8429

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PASS USDA

E O 11652: NA
TAGS: EWWT, RP
SUBJ: SHIPPING DISCRIMINATION: FLAG PREFERENCE AND CCC-FINANCED
SHIPMENTS

REF: A. STATE 20669, B. MANILA 2072, C. STATE 32871

1. IN ACCORDANCE WITH REFTELS AGATT SENT LETTER ON
FEBRUARY 15 TO MRS. ALICIA REYES OF DBP, ASKING THAT DBP
OBTAIN FROM CENTRAL BANK RECOGNITION THAT CCC-FINANCED
CARGOES ARE COMMERCIAL CARGOES SUBJECT TO COMPETITIVE
SHIPPING. MRS. REYES HAS NOW PROVIDED US WITH A COPY OF
CENTRAL BANK'S LETTER OF MARCH 18, DENING THE DBP

REQUEST IN VIEW OF THE REQUIREMENTS OF PD 894 AND THE
CENTRAL BANK'S OWN MEMORANDUM. THE TEXT OF THE CENTRAL
BANK LETTER TO DBP CHAIRMAN PLACIDO MAPA, JR. IS GIVEN
BELOW.

2. QTE DEAR CHAIRMAN MAPA, JR.: THIS REFERS TO YOUR
LETTER DATED MARCH 4, 1977, REQUESTING THE CENTRAL BANK
TO ALLOW SHIPMENTS OF CCC-FINANCED CARGOES ON ANY VESSEL
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AVAILABLE AT THE U.S. PORTS AT TIME OF LOADING, BY WAY OF
EXCEPTION TO OUR MAAB NO. 57 DATED APRIL 30, 1973.

3. QTE IN THIS CONNECTION, PLEASE BE ADVISED OF OUR
INABILITY TO ACCEDE TO YOUR REQUEST FOR THE FOLLOWING REASONS:
A) MAAB NO. 57 WAS ISSUED IN ACCORDANCE WITH THE PROVISIONS
OF PHILIPPINE FOREIGN SERVICE CIRCULAR NO. 765, AS AMENDED,

WHICH REQUIRES THAT "ALL LETTERS OF CREDIT OPENED BY GOVERNMENT AGENCIES AND CORPORATIONS SHOULD PROVIDE THAT THE MERCHANDISE IMPORTED INTO THE PHILIPPINES BE SHIPPED ON PHILIPPINE FLAG VESSELS WHENEVER SUCH VESSELS ARE AVAILABLE AT THE PORT OF SHIPMENT." A) MOREOVER, PRESIDENTIAL DECREE 894 DATED FEBRUARY 26, 1976 ALSO REQUIRES THAT WHENEVER A GOVERNMENT OWNED OR CONTROLLED CORPORATION "SHALL PROCURE, CONTRACT FOR, OR OTHERWISE OBTAIN DIRECTLY OR INDIRECTLY, ANY TRANSPORTATION OF PERSONS OR PROPERTY BY AIR OR WATER BETWEEN THE PHILIPPINES AND A PLACE OUTSIDE THEREOF OR BETWEEN TWO PLACES BOTH OF WHICH ARE OUTSIDE THE PHILIPPINES, THE PAYMENT FOR WHICH IS MADE DIRECTLY OR INDIRECTLY FROM FUNDS OF THE REPUBLIC OF THE PHILIPPINES, THE APPROPRIATE AGENCY OR AGENCIES AND PUBLIC OFFICIALS CONCERNED SHALL TAKE SUCH STEPS AS MAY BE NECESSARY TO ASSURE THAT SUCH TRANSPORTATION IS PROVIDED BY THE PHILIPPINE FLAG AIR CARRIER OR SHIPPING LINES TO THE MAXIMUM EXTENT SERVICE BY SUCH CARRIER AND SHIPPING LINES IS AVAILABLE."

4. QTE INASMUCH AS THE LETTERS OF CREDIT COVERING IMPORTATIONS UNDER THE CCC EXPORT CREDIT SALES PROGRAM ARE OPENED BY THE U.S. BANK ON INSTRUCTIONS OF AND UNDER DBP GUARANTEE, THE SHIPMENTS THEREUNDER ARE IN EFFECT PHILIPPINE GOVERNMENT PURCHASES, SUBJECT TO THE AFORECITED LAW AND REGULATIONS.

5. QTE PLEASE BE GUIDED ACCORDINGLY.

6. (SIGNED)G.S. LICAROS, GOVERNOR END QTE
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7. COMMENT: THE GOP, IN ITS UTILIZATION OF THE CCC CREDITS, IS HAVING ITS CAKE AND EATING IT TOO. THE CCC CREDITS WHICH ARE PROVIDED TO DBP AT EIGHT PERCENT FOR THREE YEARS (FOR COTTON) AND SIX PERCENT FOR ONE YEAR (FOR TOBACCO) ARE RELOANED AT AN ANNUAL RATE OF 14 TO 16 PERCENT FOR SHORT PERIODS SUCH AS SIX MONTHS TO ONE YEAR. THE CCC CREDITS ARE A PROFITABLE RELENDING OPERATION FOR THE DBP AND PLAY A ROLE IN BOP MANAGEMENT BY THE CENTRAL BANK. THEY HAVE BECOME A FOREIGN ASSISTANCE TOOL, DEVIATING FROM THE ORIGINAL INTENT OF THE CCC PROGRAM.

8. ACTION REQUESTED: WE RECOMMEND THAT WE SEEK TO HAVE DBP RETURN TO APPROPRIATE TERMS AND CONDITIONS FOR CCC CREDITS TO THE TRADE, AND THE CENTRAL BANK TO PROVIDE FOR COMPETITIVE SHIPPING OF CCC-FINANCED CARGOES. BESIDES THE ULTIMATE THREAT OF NOT PROVIDING THE CCC CREDITS, THERE MAY BE OTHER FORMULATIONS WHICH COULD INDUCE THE GOP TO ACT WITHIN THE SPIRIT OF THE CCC PROGRAM. WE THINK AN

APPROACH SHOULD BE MADE DIRECT TO THE FOREIGN OFFICE,
FOLLOWED UP BY THE AGATT WITH THE CENTRAL BANK. WE
WOULD APPRECIATE DEPARTMENT FURNISHING US WITH THE TEXT
OF AN AIDE MEMOIRE FOR THIS PURPOSE.
SULLIVAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MARINE TRANSPORTATION, LAW, DISCRIMINATION, CREDIT, MINISTERIAL VISITS, FINANCIAL PROGRAMS
Control Number: n/a
Copy: SINGLE
Sent Date: 15-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MANILA05573
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770131-0683
Format: TEL
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770453/aaaabtuj.tel
Line Count: 121
Litigation Code IDs:
Litigation Codes:
Litigation History: Hold (001 Tobacco) added on 4/16/2009 3:39:08 PM by WASHDCMcGoldRJ, Hold (001 Tobacco) removed on 4/16/2009 3:45:06 PM by WASHDCMcGoldRJ (Litigation Hold Lifted)
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 05ec98a4-c288-dd11-92da-001cc4696bcc
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TAGS: EWWT, RP
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vdkgvkey: odb://SAS/SAS.dbo.SAS_Docs/05ec98a4-c288-dd11-92da-001cc4696bcc
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